

CHAPTER 13-03-02
LIMITING AND RESTRICTING THE AMOUNT THAT MAY BE LOANED ON
REAL PROPERTY SECURITY

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13-03-02-01. Aggregate limited to percent of paid-in shares and deposits - Type of lien. Repealed effective August 1, 1998.

13-03-02-02. Requirements for advancement of money on security of real property. No state-chartered credit union, except corporate central credit union, may advance money on security of real property until the following requirements are met:

1. The mortgage has been properly signed and recorded in the office of the county recorder where the real property is located.
2. The credit union must verify that the mortgagor is the owner of the real property in fee simple and the credit union must determine the order of priority of the lien established by the mortgage.
3. For real estate loans that exceed one hundred thousand dollars, a written appraisal must be obtained by the credit union's designated appraiser. The credit union's designated appraiser must be independent of the transaction. The written appraisal must be filed with the loan documents. For real estate loans less than one hundred thousand dollars, an evaluation of the property value must be included with the loan documents; the county's annual tax statement is acceptable for this evaluation provided the loan officer indicates, in writing, agreement with the value. However, this subsection does not apply to real estate loans subject to title 12, Code of Federal Regulations, part 722, promulgated by the national credit union administration board. For these loans, the credit union must comply with the federal requirements for transactions requiring a state-certified or licensed appraiser.

4. Adequate fire and tornado insurance has been obtained with a mortgage clause for the benefit of the credit union in an amount equal to the amount of the outstanding liens.
5. A note for the amount of the loan has been signed by the mortgagor or mortgagors consistent with the terms of the mortgage.
6. For real estate loans that exceed two hundred fifty thousand dollars, an abstract of title of the real property must be furnished to the credit union, at the expense of the borrower, unless an abstract of title is not prepared and, in that case, a title insurance policy is required. Within forty-five days after the advancement of funds, the abstract of title, if prepared, must be updated to include the mortgage.

History: Amended effective May 1, 1982; November 1, 1985; October 1, 1994; August 1, 1998; December 1, 2002.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06

13-03-02-03. Length of term - Amortization - Limitation on amount of percent of appraised value.

1. All amortized loans secured by real property shall be limited to a term of thirty years, and an amount of ninety percent of the appraised value of the real estate being mortgaged as security for the loan.
2. When a loan specified in subsection 1 is insured by private mortgage insurance, the permissible amount shall not exceed the amount that is covered by the insurance.
3. When a loan specified in subsection 1 is insured by private mortgage insurance, the permissible amount shall be extended to no more than ninety-five percent.

History: Amended effective June 1, 1979; May 1, 1981; December 1, 2002.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06

13-03-02-04. Limitation on amount loaned to one member. The maximum amount that any credit union organized and operating under the laws of North Dakota, except the North Dakota central credit union, Bismarck, North Dakota, which is specifically exempted from the provisions of this section, shall loan on real estate security to any one member shall not exceed the amounts based on the total assets of the credit union making the loan that are provided in subsection 7 of North Dakota Century Code section 6-06-12.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06, 6-06-12(7)

13-03-02-05. Second mortgages - Approval of credit union board.
Repealed effective November 1, 1985.

13-03-02-06. Exemption from restrictive provisions. The limitations set out in sections 13-03-02-02 and 13-03-02-03 shall not apply to any federally guaranteed loan, however, such loans must conform to all federal requirements for the making of the guaranteed loan.

History: Effective June 1, 1979; amended effective June 1, 1983; November 1, 1985; August 1, 1998.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06

13-03-02-07. Exceptions. A credit union may make an exception to the loan-to-value limits under section 13-03-02-03 for loans from creditworthy borrowers. However, a credit union may not make such an exception if the loan would exceed one hundred fifty percent of the credit union's total equity capital and reserves when the loan is aggregated with all other loans in excess of the loan-to-value limits.

History: Effective October 1, 1997.

General Authority: NDCC 6-01-04

Law Implemented: NDCC 6-06-06